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Message Text

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TO AMEMBASSY KINSHASA PRIORITY

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E.O. 11652: N/A

TAGS: SOPN, CG, EINV

SUBJECT:WALL STREET JOURNAL ARTICLE ON SMTF

THE FOLLOWING ARTICLE WAS PUBLISHED IN THE WEDNESDAY, JANUARY 21, EDITION OF THE WALL STREET JOURNAL. QUOTE AN INTERNATIONAL CONSORTIUM INCLUDING STANDARD OIL CO. (INDIANA) IS EXPECTED TO POSTPONE OR POSSIBLY CANCEL A PLANNED 660 MILLION DOLLARS COPPER PROJECT IN ZAIRE.

PARTICIPANTS IN THE VENTURE DECLINED TO COMMENT PUBLICLY, BUT IT WAS UNDERSTOOD THAT AN ANNOUNCEMENT ON THE PROPOSAL WAS EXPECTED SOON.

FLUOR UTAH INC., GENERAL CONTRACTOR FOR THE PLANT, WHICH WAS TO HAVE BEEN BUILT IN SHABA PROVINCE, SAID IT RECEIVED NOTICE YESTERDAY FROM THE CONSORTIUM TO CURTAIL SOME OF ITS ENGINEERING WORK ON THE PROJECT AT ITS SAN MATEO, CALIF., HOME OFFICE. FLUOR UTAH IS A UNIT OF FLUOR CORP.

THE PARTICIPANTS ARE AMOCO MINERALS CO., A UNIT OF
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INDIANA STANDARD; LEON TEMPELSMAN & SON INC., ALSO OF THE

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U.S.; THE STATE OF ZAIRE, CHARTER CONSOLIDATED LTD. OF

BRITIAN; MITSUI & CO. OF JAPAN, AND B.R.G.M. AND OMIMINES S.A., BOTH OF FRANCE.

CHARTER CONSOLIDATED LAST JUNE ESTIMATED THE TOTAL COST OF THE VENTURE OF 660 MILLION DOLLARS. IT SAID AT THE TIME IT HOPED TO BEGIN PRODUCTION IN THE SECOND QUARTER OF 1978. THROUGH LAST JUNE, ABOUT 110 MILLION DOLLARS HAD BEEN SPENT ON PRELIMINARY WORK.

CHARTER CONSOLIDATED HAD SAID THE VENTURE, KNOWN AS TENKE-FUNGURUME, WAS "ONE OF THE RICHEST UNEXPLOITED DEPOSITS IN THE WORLD." THE DECLARED PRODUCTION TARGET WAS 143,000 TONS OF REFINED COPPER AND AN AVERAGE 7,150 TONS OF COBALT A YEAR FROM ESTABLISHED ORE RESERVES ESTIMATED AT 56.1 MILLION TONS CONTAINING 5.7 PERCENT COPPER AND 0.45 PERCENT COBALT.

CHASE MANHATTAN BANK HAD BEEN WORKING TO ARRANGE A SYNDICATE TO FINANCE MORE THAN 200 MILLION DOLLARS OF THE PROJECT.

WHILE THE PARTICIPANTS WOULDN'T DISCLOSE WHAT WAS PROMPTING THE SECOND THOUGHTS, THE COPPER INDUSTRY HAS BEEN STRUGGLING THROUGH ITS WORST RECESSION IN 40 YEARS, WITH THE METAL CURRENTLY SELLING IN NEW YORK FOR ABOUT 63 CENTS A POUND.

ALSO RAISING QUESTIONS ABOUT THE ZAIRE VENTURE, SOME INSIDERS INDICATED, IS THE CONTINUING FIGHTING IN NEIGHBORING ANGOLA. UNQTE. SISCO

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